

EXHIBIT 1

INTRODUCTION

Respondent Service Employees International Union Political Education and Action Fund (SEIU PEA) (“Committee”) is a state general purpose committee sponsored by the Service Employees International Union and is centered in Washington, D.C. Respondent Anna Burger was, at all times pertinent to this matter, the treasurer of Respondent Committee.

Under the authority of the Political Reform Act (the “Act”),¹ the Franchise Tax Board (the “FTB”) audited Respondent Committee’s activities during the period January 1, 2001 through December 31, 2002. During this audit period, Respondent Committee received contributions totaling \$3,472,365 and made expenditures totaling \$3,473,614. The FTB audit revealed that Respondents failed to file three late contribution reports and four campaign statements disclosing the contribution and expenditure activities of Respondent Committee during the audit period.

For the purposes of this stipulation, Respondents’ violations of the Act are stated as follows:

- COUNT 1: Respondents SEIU PEA and Anna Burger failed to timely disclose a \$5,000 late contribution in a properly filed late contribution report by the May 31, 2001 due date, in violation of section 84203.
- COUNT 2: Respondents SEIU PEA and Anna Burger failed to timely disclose a \$20,000 late contribution in a properly filed late contribution report by the June 1, 2001 due date, in violation of section 84203.
- COUNT 3: Respondents SEIU PEA and Anna Burger failed to timely file an odd-year campaign statement for the reporting period July 1, 2001 through September 30, 2001, by the October 10, 2001 due date, in violation of sections 84200.3, subdivision (a)(3) and 84200.4, subdivision (a).
- COUNT 4: Respondents SEIU PEA and Anna Burger failed to timely file a pre-election campaign statement for the reporting period January 1, 2002 through February 16, 2002 by the February 21, 2002 due date, in violation of section 84200.5, subdivision (e) and 84200.8.

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

- COUNT 5: Respondents SEIU PEA and Anna Burger failed to timely file a pre-election campaign statement for the reporting period July 1, 2002 through September 30, 2002 by the October 7, 2002 due date, in violation of section 84200.5, subdivision (e) and 84200.8.
- COUNT 6: Respondents SEIU PEA and Anna Burger failed to timely file a pre-election campaign statement for the reporting period October 1, 2002 through October 19, 2002 by the October 24, 2002 due date, in violation of section 84200.5, subdivision (e) and 84200.8.
- COUNT 7: Respondents SEIU PEA and Anna Burger failed to timely disclose a \$75,000 late contribution in a properly filed late contribution report by the October 30, 2002 due date, in violation of section 84203.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that contributions and expenditures in election campaigns are fully and truthfully disclosed, so that voters may be fully informed, and improper practices may be inhibited. The Act therefore establishes a campaign reporting system designed to accomplish this purpose of disclosure.

Duty to File Late Contribution Reports

Under section 84203, subdivisions (a) and (b), when a committee makes or receives a late contribution, the committee must file a late contribution report disclosing the contribution within 24 hours of making or receiving the contribution. Section 82036 defines a “late contribution” as a contribution aggregating \$1,000 or more that is made or received before an election, but after the closing date of the last pre-election statement that is required to be filed.

Duty to File Odd-Year Campaign Statements in Connection with a March Primary Election in an Even-numbered Year

Sections 84200.3 and 84200.4, subdivision (a) provide that in connection with a statewide direct primary held in March of an even-numbered year, a state general purpose committee must file a campaign statement no later than October 10th for the reporting period ending on September 30th of the year prior to the election. An exception to this requirement applies if the committee has not made contributions and independent expenditures totaling \$500 or more during the period July 1st through September 30th.

Duty to File Pre-Election Campaign Statements

Pursuant to section 84200.5, subdivision (e), during an even-numbered year in which the direct primary election is held on a date other than the first Tuesday after the first Monday in June, a recipient committee that is a state general purpose committee, as defined in sections 82013, subdivision (a) and 82027.5, is required to file two pre-election campaign statements before an election in which the committee has contributed \$500 or more.

Pursuant to section 84200.8, subdivision (a), the first pre-election statement for the reporting period ending 45 days before the election must be filed no later than 40 days before the election. Section 84200.8, subdivision (b) provides that the second pre-election statement for the reporting period ending 17 days before the election must be filed no later than 12 days before the election.

The period covered by any statement begins on the day after the closing date of the last statement filed, or January 1st, if no previous statement has been filed. (Section 82046, subdivision (b).)

Liability of Committee Treasurers

Under section 81004, subdivision (b), section 84100, and regulation 18427, subdivision (a), it is the duty of a committee's treasurer to ensure that the committee complies with all the requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds. A committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5 and 91006.)

SUMMARY OF THE FACTS

The FTB conducted an audit of the finances of Respondent Committee for the period January 1, 2001 through December 31, 2002. During this audit period, Respondent Committee received contributions totaling \$3,472,365 and made expenditures totaling \$3,473,614. The FTB audit revealed that Respondents failed to file three late contribution reports and four campaign statements, as set forth in the following counts.

COUNTS 1, 2 & 7

In this matter, Respondents failed to file three late contribution reports, as follows:

Count	Contribution Date	Date of Election	Late Contribution Reporting Period	Due Date	Recipient	Amount
1	5/30/01	6/5/01 General Municipal Election, Los Angeles	5/20/01-6/4/01	5/31/01	Committee to Re-Elect Valerie Fields	\$5,000
2	5/31/01	6/5/01 [See above]	5/20/01-6/4/01	6/1/01	Committee to Re-Elect Valerie Fields	\$20,000
7	10/29/02	11/2/02 Statewide General Election	10/20/02-11/4/02	10/30/02	Friends of Philip Angelides	\$75,000

TOTAL

\$100,000

By failing to file three late contribution reports, Respondents committed three violations of Section 84203.

COUNT 3

On July 26, 2001, Respondents made a \$100,000 contribution to the Governor Gray Davis Committee, thereby triggering the requirement that they file an odd-year campaign statement no later than October 10th for the reporting period ending on September 30th of 2001, the year prior to the March 5, 2002 statewide direct primary in which Gray Davis appeared as a gubernatorial candidate.

By failing to file the odd-year campaign statement in connection with the March primary election held in an even-numbered year, Respondents committed a violation of sections 84200.3, subdivision (a)(3) and 84200.4, subdivision (a).

COUNTS 4, 5 & 6

In this matter, Respondents failed to file three pre-election campaign statements, as follows:

Count	Election Date	Pre-Election Reporting Period	Due Date	Contributions Made
4	3/5/02	1/1/02-2/16/02	2/21/02	\$6,000
5	11/5/02	7/1/02-9/30/02	10/7/02	\$676,100
6	11/5/02	10/1/02-10/19/02	10/24/02	\$1,249

TOTAL

\$683,349

By failing to file three pre-election campaign statements, Respondents committed three violations of sections 84200.5, subdivision (e) and 84200.8.

CONCLUSION

This matter involves seven violations of the Act, which carry a maximum possible administrative penalty of Five Thousand Dollars (\$5,000) per count, for a total administrative penalty of Thirty-Five Thousand Dollars (\$35,000).

In 2003, Respondents entered into a stipulated settlement with the Commission for a violation of the late contribution reporting provisions of the Act. In 2005, Respondents were also issued a warning letter for failing to file two pre-election campaign statements.

For Counts 1, 2 and 7, the typical stipulated administrative penalty for failing to file late contribution reports in cases that are resolved outside of the Streamlined Late Contribution Enforcement Program has varied depending on the surrounding circumstances. In this case, Respondents have a prior enforcement history for the same type of violation. Additionally, the total amount unreported by Respondents was relatively large, in the amount of \$100,000. In light of these factors, a total administrative penalty in the amount of \$11,000 for these counts is appropriate.

For Count 3, there is no typical stipulated administrative penalty for failing to file an odd-year campaign statement in connection with a March primary election held in an even-numbered year. The provision required a pre-election campaign statement in connection with the former March primary. By analogy, the typical stipulated administrative penalty for failing to timely file a pre-election campaign statement has been in the mid-to-high end of the applicable penalty range. In this matter, the amount unreported was \$100,000. In light of the significant amount unreported and Respondents' prior failure to timely file pre-election campaign statements, an administrative penalty in the amount \$3,000 is appropriate.

For Counts 4, 5 and 6, as stated above, the typical stipulated administrative penalty for failing to timely file a pre-election campaign statement has been in the mid-to-high end of the applicable penalty range. In this matter, Respondents failed to file three pre-election campaign statements. Respondents have previously received a warning letter from the Commission for the same conduct. For Count 4, \$6,000 in contributions was unreported, making an administrative penalty of \$2,000 appropriate. For Count 5, a significant amount of money, \$676,100, went unreported until after the election. Thus, for Count 5, an administrative penalty of \$4,000 is appropriate. For Count 6, only \$1,249 in contributions was unreported, justifying an administrative penalty of \$1,800. Therefore, for Counts 4, 5, and 6, a total penalty in the amount of \$7,800 is appropriate.

The facts of this case, as discussed above, justify imposition of the agreed upon penalty of Twenty-One Thousand Eight Hundred Dollars (\$21,800).